GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:2971
ANSWERED ON:22.12.2003
HIGH INTEREST RATE BORROWINGS BY AAI
VSM (RETD.) COL. CHOUDHARY

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Airport Authority of India (AAI) invested Rs.217.10 crores since April 1995 in fixed deposits with various banks at interest rate ranging from 8.5% to 12.5%;

(b) if so, whether AAI borrowed Rs.55.00 crores between April 1995 - March 2000 at 15% to 16% interest per annum;

(c) whether AAI had paid Rs.30.00 crores to Government during July-August 2000 and Rs.25.00 crores after borrowing Rs.10.25 crores @14.50% interest during March 2001;

(d) if so, the reasons AAI had been borrowing funds at a higher rate of interest than the investment made despite availability of surplus funds in violation of Department of Public Enterprises directives;

(e) whether the Government propose to initiate any investigation in this regard; and

(f) if so, the details thereof?

Answer

MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI RAJIV PRATAP RUDY)

(a) :- Airports Authority of India (AAI) has invested in Banks during year 1995-96 : Rs.334.92 crores, 1996-97 : Rs.340.98 crores, 1997-98 : Rs.544.41 crores, 1998-99 : Rs.787.19 crores and 1999-2000 : Rs.984.47 crores.

(b) :- No, Sir. However, Government has provided Rs.110 crores as Budgetary Support consisting of 50% Loan to AAI for non-viable projects in identified areas with poor connectivity on socio-economic consideration.

(c) :- AAI has paid Rs.30 Crores during July/August 2002 &Rs.24.15 crores during June 2001 out of internal resoures. Government had provided Rs.10.25 crores as loan portion of Budgetary support.

(d) : - AAI has not borrowed funds at a higher rate. The weighted average cost of the budgetary support works out to 6.10% approximately as against interest earned between 8.55% to 12.5%.

(e) & (f):- Do not arise.